

FIFTY-SEVENTH ANNUAL REPORT
OF THE
MISSISSIPPI CENTRAL
RAILROAD COMPANY



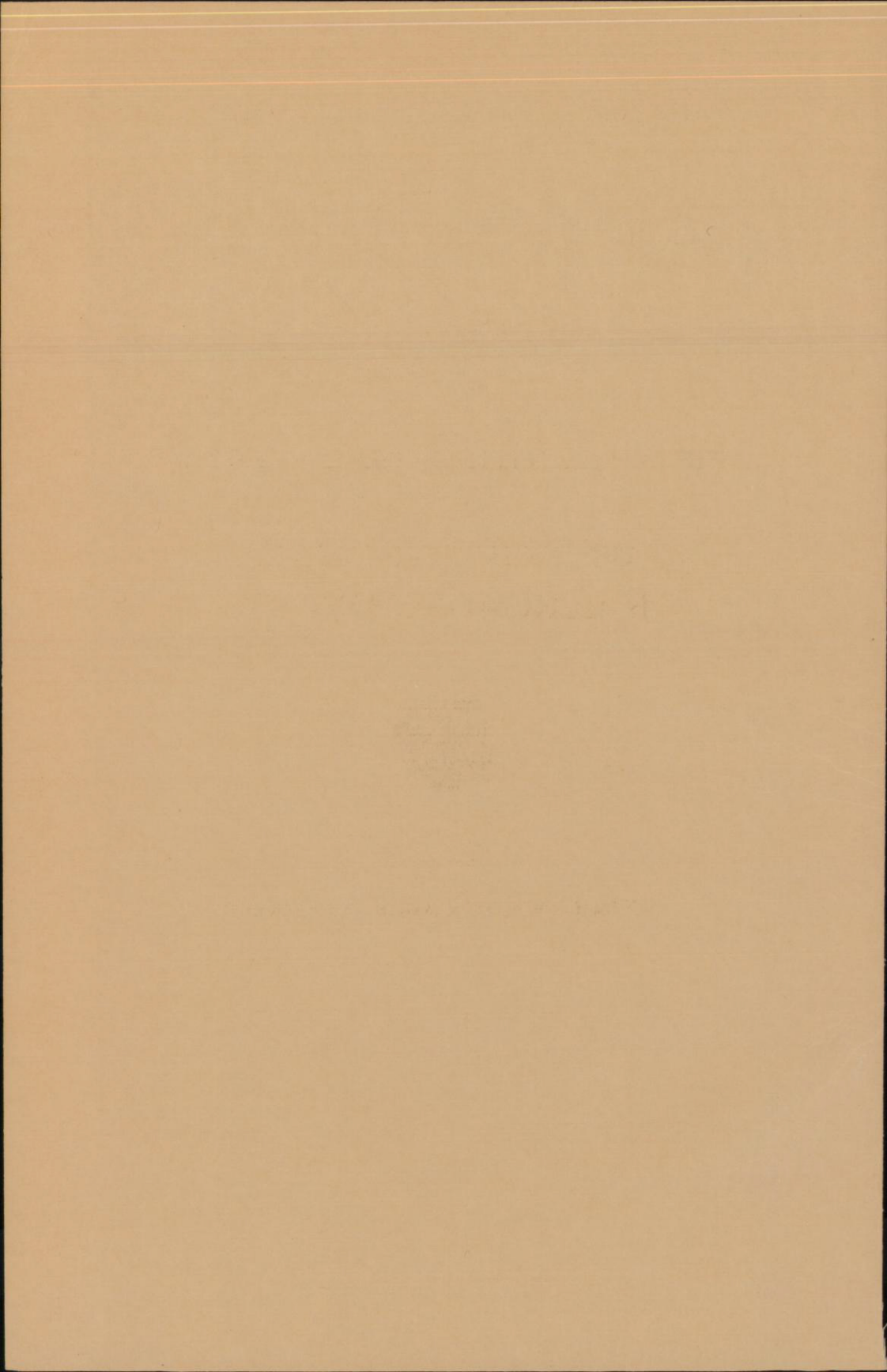
FOR THE
YEAR ENDED DECEMBER 31, 1964

BOARDS

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FIFTY-SEVENTH ANNUAL REPORT
OF THE
MISSISSIPPI CENTRAL
RAILROAD COMPANY



FOR THE
YEAR ENDED DECEMBER 31, 1964

DIRECTORS

Max N. Carol	Philadelphia, Pa.
Edward J. Coughlin	Merion, Pa.
Frank E. Hemelright	Scranton, Pa.
H. Ober Hess	Gladwyne, Pa.
Harold E. Levine	Boston, Mass.
Edward J. Lynett	Scranton, Pa.
Gerald B. Payne	Clarks Green, Pa.
Cyrus J. Quinn	New York, N. Y.
Wm. J. Rankin	North Hills, Pa.
Edward W. Warren	Scranton, Pa.
Albert B. Zink	Malvern, Pa.

OFFICERS

Edward W. Warren, President	Scranton, Pa.
Frank E. Hemelright, Vice-President	Scranton, Pa.
M. Claire Barrett, Secretary and Treasurer	Scranton, Pa.
S. J. Massey, Jr., Vice-President and General Manager	Hattiesburg, Miss.
W. T. Cosby, Assistant General Manager and Auditor	Hattiesburg, Miss.
Riley E. Davis, Traffic Manager	Hattiesburg, Miss.
J. S. Montgomery, Assistant Traffic Manager	Hattiesburg, Miss.
R. W. Fox, Purchasing Agent	Hattiesburg, Miss.

TRANSFER OFFICE

Northeastern National Bank Building	Scranton, Pa.
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REGISTRAR

Northeastern Pennsylvania National Bank & Trust Company	Scranton, Pa.
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ANNUAL MEETING

Second Tuesday in February, Hattiesburg, Miss.

Hattiesburg, Miss.

March 5, 1965

To The Stockholders of the Mississippi Central Railroad Company

The following report is submitted for the year 1964.

Freight revenues increased \$3,234, 0.18%, and carloads handled increased 183, 0.78% over 1963. National carloadings increased 2.00%.

Operating expense decreased \$33,553 or 2.05%. Decreases in locomotive and freight car repair expenses, expenses of operating joint facilities at Brookhaven and Natchez were in part off-set by settlement of suits in connection with a crossing accident at Brookhaven in October 1961 and cost of in-place treatment of three of our bridges.

Taxes increased \$7,386 due principally to credit included in 1963 representing Federal income tax carry-back credit of \$10,620.

Hire of freight cars increased \$4,100. Effective January 1, 1964, per diem rates were changed from \$2.88 per car day to basis of six rates per car day based on valuation of the cars.

Net income after fixed charges was a deficit of \$20,791 in 1964 compared with a deficit of \$76,812 in 1963, an increase of \$53,021.

First mortgage bonds of \$28,000 par value were acquired and cancelled through the Sinking Fund. The lease-purchase contract on the Tamper unit was paid and a second tamper acquired on a lease-purchase contract at a cost of \$23,135 of which \$2,265 was paid in 1964.

The principal changes in our property account were purchase of a Jackson Tamper, five wood chip cars and a new diesel-electric 1800 H.P. locomotive, construction of two steel underframe caboose cars and 165 foot track was built to serve a new industry at Roxie. There were 1,594 ft. of side track retired, a warehouse and nine parcels of land were sold, with proceeds of \$15,475 being deposited into the Sinking Fund, one diesel-electric locomotive was sold, two caboose cars were destroyed by fire, twenty wood rack cars, three caboose cars and three pieces of work equipment were retired.

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There were no serious highway crossing accidents or derailments during the year.

Pending wage demands at December 31, 1964 were principally those of certain of the non-operating organizations, which generally consist of increase in vacations, holidays, health and welfare benefits and 27 cents per hour over a three-year period.

There were 198 stockholders when the stock book was closed January 20, 1965, prior to Annual Meeting. Average number of employees during 1964 was 171.

The fine spirit and cooperation of all officers and employees of the company during the year has enabled us to operate the property in an efficient manner.

Respectfully submitted,

S. J. MASSEY, JR.,
Vice-President and General Manager

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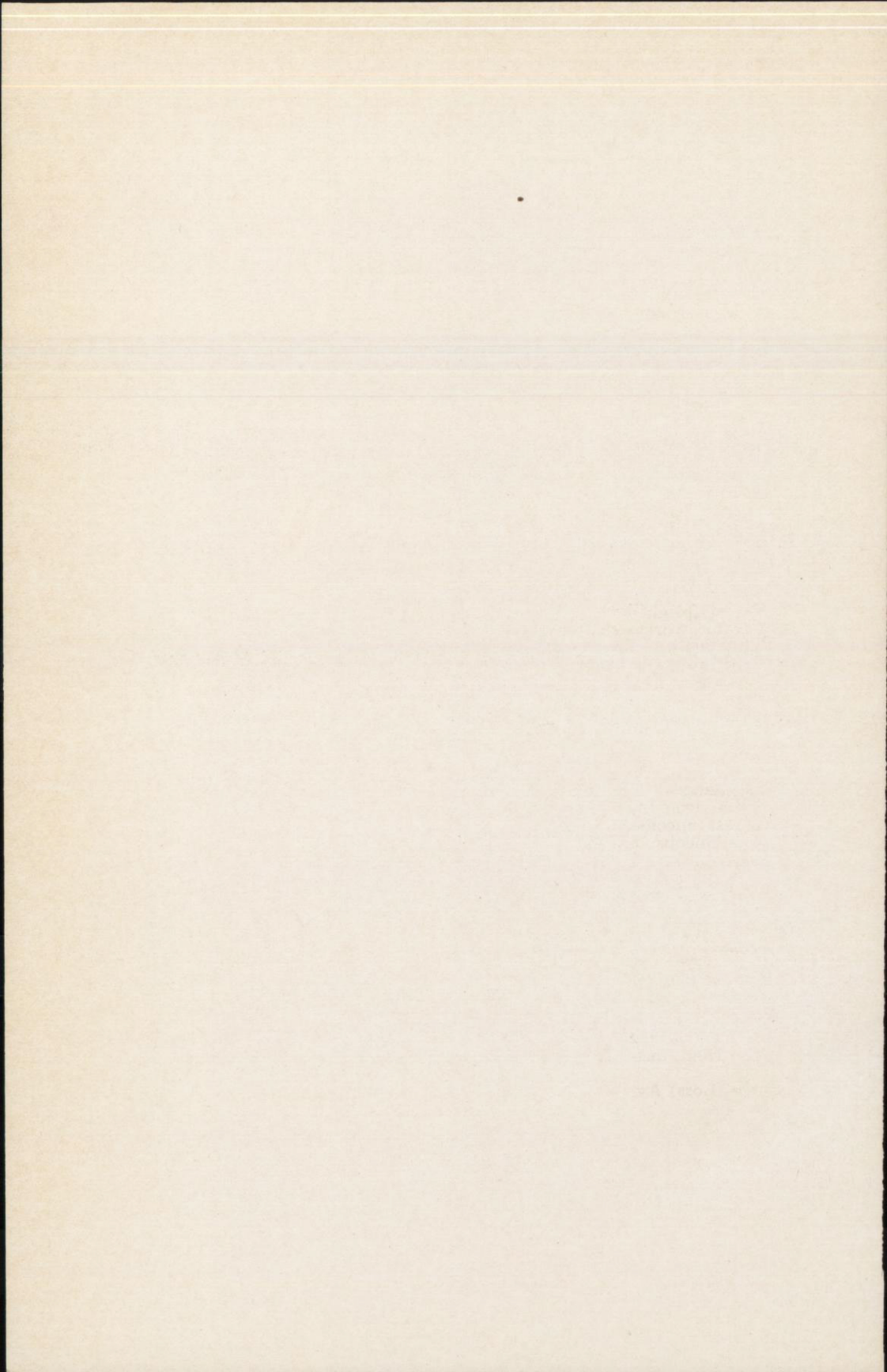


TABLE A
MISSISSIPPI CENTRAL RAILROAD COMPANY

STATEMENT OF INCOME

For the Years Ended December 31, 1964 and 1963

	1964	1963	Increase (Decrease)
Railway Operating Income:			
Railway operating revenues.....	\$1,851,422	\$1,833,493	\$17,929
Railway operating expenses.....	1,605,489	1,641,404	(35,915)
Net revenue from railway operations.....	245,933	192,089	53,844
Railway tax accruals (See Note 1).....	141,630	134,244	7,386
Railway operating income.....	104,303	57,845	46,458
Rent Income:			
Rent from locomotives	6,671		6,671
Joint facility rents.....		253	(253)
Total rent income.....	6,671	253	6,418
Rents Payable:			
Hire of freight cars.....	106,560	102,459	4,101
Rent for work equipment.....	426	982	(556)
Joint facility rents.....	24,165	31,135	(6,970)
Total rents payable.....	131,151	134,576	(3,425)
Net rents payable.....	124,480	134,323	(9,843)
Net Railway Operating Income (Loss).....	(20,177)	(76,478)	56,301
Other Income:			
Miscellaneous rent income.....	7,685	3,703	(1,018)
Income from nonoperating property.....	1,458	777	681
Interest income.....	12,090	9,075	3,015
Miscellaneous income.....	3,236	5,523	(2,287)
Total other income.....	24,469	24,078	391
Total Income (Loss).....	4,292	(52,400)	56,692
Miscellaneous Deductions from Income:			
Miscellaneous rents.....	249	119	130
Miscellaneous tax accruals.....	236	270	(34)
Miscellaneous income charges.....	507	1,230	(723)
Total miscellaneous deductions from income.....	992	1,619	(627)
Income (Loss) Available for Fixed Charges.....	3,300	(54,019)	57,319
Fixed Charges - Interest on funded debt.....	24,091	25,155	(1,064)
Net Income (Loss).....	\$ (20,791)	\$ (79,174)	\$58,383

The accompanying Notes to Financial Statements
are an integral part of this statement.

TABLE B
MISSISSIPPI CENTRAL RAILROAD COMPANY

Balance Sheet, December 31, 1964 and 1963

ASSETS	1964	1963	Increase (Decrease)
Current Assets:			
Cash	\$ 144,683	\$ 205,471	\$(60,788)
Temporary cash investments—			
United States Government			
obligations—at amortized cost			
which approximates market value..	296,366	296,781	(415)
Net balance receivable from agents.....	31,213	26,256	4,957
Miscellaneous accounts receivable.....	21,473	17,388	4,085
Accrued accounts receivable.....	14,600	39,820	(25,220)
Working fund advances.....	1,657	1,531	126
Prepayments	13,445	14,103	(658)
Material and supplies—at average cost	175,425	180,259	(4,834)
Other current assets.....		32	(32)
Total current assets.....	698,862	781,641	(82,779)
Special Fund—Sinking fund.....	3,855	12,777	(8,922)
Properties:			
Road property	5,635,073	5,621,208	13,765
Equipment property	1,822,494	1,774,781	47,713
Total transportation property.....	7,457,567	7,396,089	61,478
Less—Accrued depreciation:			
Road property.....	436,140	409,510	26,630
Equipment property.....	773,836	797,825	(23,989)
Total accrued depreciation.....	1,209,976	1,207,335	2,641
Total transportation property,			
less accrued depreciation.....	6,247,591	6,188,754	58,837
Miscellaneous physical property.....	7,853	10,399	(2,546)
Total properties, less			
accrued depreciation.....	6,255,444	6,199,153	56,291
Other Assets and Deferred Charges:			
Estimated salvage from property			
retired		350	(350)
Deferred charges	7,422	2,557	4,865
Total other assets and			
deferred charges.....	7,422	2,907	4,515
Total	\$6,965,583	\$6,996,478	\$(30,895)

The accompanying Notes to Financial Statements
are an integral part of this statement.

TABLE B (Continued)
MISSISSIPPI CENTRAL RAILROAD COMPANY

Balance Sheet, December 31, 1964 and 1963

LIABILITIES AND SHAREHOLDERS' EQUITY	1964	1963	Increase (Decrease)
Current Liabilities:			
Traffic and car-service balances.....	\$ 59,934	\$ 109,503	\$(49,569)
Audited accounts and wages payable.....	156,678	74,811	81,867
Miscellaneous accounts payable.....	851	858	(7)
Unmatured interest accrued.....	5,700	5,980	(280)
Accrued accounts payable.....	103,012	145,583	(42,571)
Other taxes accrued.....	Dr. 4,041	Dr. 3,973	(68)
Other current liabilities.....	18,610	15,962	2,648
Total current liabilities.....	340,744	348,724	(7,980)
Long-term Debt Due Within One Year:			
Funded debt—First mortgage			
4% bonds.....	6,000	16,000	(10,000)
Equipment obligations.....	4,150	4,750	(600)
Total long-term debt due within one year.....	10,150	20,750	(10,600)
Long-term Debt Due After One Year:			
Funded debt unmatured—First mortgage 4% bonds, due April 1, 1978.....	564,000	582,000	(18,000)
Equipment obligations.....	16,720		16,720
Total long-term debt due after one year.....	580,720	582,000	(1,280)
Other Liabilities and Deferred Credits:			
Other liabilities.....	2,820		2,820
Deferred credits.....	1,320	290	1,030
Total other liabilities and deferred credits.....	4,140	290	3,850
Shareholders' Equity:			
Capital stock:			
Common—authorized and outstanding, 39,400 shares of a par value of \$100 each.....	3,940,000	3,940,000	
First preferred, non-cumulative 5½% of a par value of \$10 each—authorized, 111,210 shares; outstanding, 109,742 shares.....	1,097,420	1,097,420	
Total capital stock.....	5,037,420	5,037,420	
Retained income—including \$3,207 and \$3,641 appropriated for sinking fund reserves in 1964 and 1963 respectively.....	992,409	1,007,294	(14,885)
Total shareholders' equity.....	6,029,829	6,044,714	(14,885)
Total	\$6,965,583	\$6,996,478	\$(30,895)

The accompanying Notes to Financial Statements
are an integral part of this statement.

TABLE C
MISSISSIPPI CENTRAL RAILROAD COMPANY

Statement of Retained Income
For the Years Ended December 31, 1964 and 1963

	1964	1963	Increase (Decrease)
Credit Balance at Beginning of			
Period	\$1,007,294	\$3,653,630	\$(2,646,336)
Credit —Net profit from sale of property (net of applicable income taxes)	6,331	8,437	(2,106)
Total	1,013,625	3,662,067	(2,648,442)
Debits:			
Debit balance transferred from income	20,791	79,174	(58,383)
Excess of book value of property accounts over I.C.C. valuation basis	425	2,549,022	(2,548,597)
Dividend paid on 5½% 1st preferred stock		26,577	(26,577)
Total debits	21,216	2,654,773	(2,633,557)
Credit Balance at End of Year	\$ 992,409	\$1,007,294	\$(14,885)

The accompanying Notes to Financial Statements are
an integral part of this statement.

HASKINS & SELLS
Certified Public Accountants

906 Hibernia Bank Building
New Orleans 12, La.

ACCOUNTANTS' OPINION

Mississippi Central Railroad Company:

We have examined the balance sheet of Mississippi Central Railroad Company as of December 31, 1964 and the related statements of income and of retained income for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As explained in Note 3 to the financial statements, no provision has been made for material claims filed against the Company, as the amounts, if any, which the Company may ultimately have to pay are not now determinable.

In our opinion, subject to the effect of the matter mentioned in the preceding paragraph, the accompanying financial statements present fairly the financial position of the Company at December 31, 1964 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

February 5, 1965

MISSISSIPPI CENTRAL RAILROAD COMPANY

Notes to Financial Statement

1. The provisions of the Uniform System of Accounts for Railroad Companies prescribed by the Interstate Commerce Commission vary from generally accepted accounting principles in that, under the Uniform System, no accounting recognition is given to the possible effect on income taxes in future years of current reductions or increases in income taxes resulting from the deductions (net) for amortization and depreciation of property for income tax purposes in excess of or less than the deductions recorded in the accounts. The cumulative amount of such net reductions in income taxes included in retained income at December 31, 1963 and 1964 was approximately \$267,000. No part of this amount was included in net income for the years ended December 31, 1963 or 1964 because, as of such dates, the losses for income tax purposes which could not be carried back to prior years were greater than the excess of depreciation for income tax purposes over depreciation recorded in the accounts for such years.
2. The current cost of repairs and renewals of parts of the track structure is charged to maintenance expense, and additions and betterments to the structures are capitalized. Provision for depreciation has been made as to other classes of transportation property. Charges in 1964 for depreciation of road and equipment and for repairs and renewals of the track structure amounted to \$100,064 and \$286,388 respectively; comparable charges for 1963 were \$100,373 and \$280,679 respectively.
3. The Company does not carry public liability insurance for personal injuries and certain types of property damage; material claims for injuries and damages had been filed against the Company at December 31, 1964. No provision for such claims has been made in the Company's financial statements of December 31, 1964 as the amount of the Company's liability, if any, is not determinable at this date.
4. Financial statements for the year ended December 31, 1963 have been reclassified, for purposes of comparison, to eliminate "appropriated retained income" and to transfer accrued vacation pay of \$2,362 from the statement of retained income to the statement of income.

TABLE D

**Comparative Statement of Operating Expenses for Years Ended
December 31, 1964 and 1963**

	1964	1963
Maintenance of Way and Structures		
Superintendence	\$ 34,006	\$ 32,338
Roadway Maintenance	31,970	25,573
Bridges, Trestles and Culverts	44,355	30,245
Ties	92,286	89,692
Rails	742	1,740
Other Track Material	24,809	19,486
Ballast	6,294	7,456
Track Laying and Surfacing	162,258	162,305
Fences and Signs	1,724	2,443
Station and Office Buildings	2,059	3,569
Roadway Buildings	2,162	56
Fuel Stations	429	384
Shops and Enginehouses	9,485	7,983
Communication Systems	3,504	766
Signals and Interlockers	1,433	1,588
Road Property—Depreciation	31,457	30,241
Retirements—Road	500	Cr. 2,507
Roadway Machines	11,691	9,338
Dismantling Retired Road Property	327	5,331
Small Tools and Supplies	3,967	6,195
Public Improvements—Maintenance	2,477	7,032
Injuries to Persons	4,643	1,727
Insurance	2,908	2,364
Stationery and Printing	465	408
Employees H&W Benefits	13,082	12,790
Maintaining Joint Tracks, Yards and Other Facilities—Dr.	20,573	11,802
Maintaining Joint Tracks, Yards and Other Facilities—Cr.	—	212
Total	\$ 509,606	\$ 470,133
Maintenance of Equipment		
Superintendence	\$ 11,949	\$ 12,946
Shop Machinery	3,390	3,337
Power Plant Machinery	69	39
Shop and Power Plant Machinery—Depreciation	2,761	2,839
Other Locomotives—Repairs	56,084	66,878
Freight Train Cars—Repairs	87,006	126,993
Work Equipment—Repairs	2,893	1,192
Miscellaneous Equipment—Repairs	3,149	1,599
Dismantling Retired Equipment	113	663
Equipment—Depreciation	65,846	67,294
Injuries to Persons	269	209
Insurance	7,229	4,471
Stationery and Printing	852	446
Employees H&W Benefits	5,149	5,557
Joint Maintenance of Equipment Expenses—Dr.	11,114	7,260
Other Expenses	41	—
Total	\$ 257,914	\$ 301,723
Traffic		
Superintendence	\$ 62,134	\$ 59,327
Outside Agencies	91,517	90,103
Advertising	607	689
Traffic Associations	2,526	2,899
Insurance	202	734
Stationery and Printing	11,338	10,065
Employees H&W Benefits	66	157
Total	\$ 168,390	\$ 163,974

TABLE D (Continued)

	1964	1963
Transportation		
Superintendence	\$ 28,297	\$ 28,080
Dispatching Trains	10,965	13,772
Station Employees	68,324	75,745
Weighing and Inspection Bureaus	661	540
Station Supplies and Expenses	4,587	5,268
Yard Masters and Yard Clerks	10,719	10,503
Yard Conductors and Brakemen	47,686	44,710
Yard Enginemen	30,757	29,823
Yard Switching Fuel	3,390	3,443
Lubricants for Yard Locomotives	199	233
Other Supplies for Yard Locomotives	140	160
Enginehouse Expenses—Yard	2,221	2,120
Yard Supplies and Expenses	617	632
Operating Joint Yards and Terminals—Dr.	32,546	42,123
Train Enginemen	71,090	71,165
Train Fuel	48,296	51,266
Lubricants for Train Locomotives	4,215	4,691
Other Supplies for Train Locomotives	1,228	777
Enginehouse Expense—Train	8,461	8,766
Trainmen	95,695	95,637
Train Supplies and Expenses	7,249	6,486
Crossing Protection	266	267
Employees H&W Benefits	8,684	2,048
Stationery and Printing	6,276	4,361
Operating Joint Tracks and Facilities—Dr.	26,734	32,973
Operating Joint Tracks and Facilities—Cr.	—	2,870
Insurance	5,808	5,531
Clearing Wrecks	4,191	12,761
Damage to Property	305	—
Damage to Livestock on Right-of-Way	2,237	2,257
Loss and Damage—Freight	6,316	11,564
Injuries to Persons	26,830	34,855
Total	\$ 565,590	\$ 599,687
General		
Salaries and Expenses of General Officers	\$ 8,827	\$ 9,399
Salaries and Expenses of Clerks and Attendants ..	61,399	64,832
General Office Supplies and Expenses	5,490	4,121
Law Expenses	10,845	10,071
Insurance	133	172
Employees H&W Benefits	66	72
Pensions and Gratuities	1,710	2,363
Stationery and Printing	5,646	4,896
Other Expenses	8,752	7,258
General Joint Facilities—Dr.	1,121	341
Total	\$ 103,989	\$ 103,525
Recapitulation		
Maintenance of Way and Structures	\$ 509,606	\$ 470,133
Maintenance of Equipment	257,914	301,723
Traffic	168,390	163,974
Transportation	565,590	599,687
General	103,989	103,525
Total	\$1,605,489	\$1,639,042

TABLE E

Traffic and Mileage Statistics

Years Ended December 31, 1964 and 1963

	1964	1963
Freight Traffic		
Miles of road operated—average	148.38	148.38
Freight revenue	\$ 1,778,584	\$ 1,775,350
Revenue tons carried	991,027	955,451
Revenue ton-miles	103,146,167	100,289,026
Freight train-miles, ordinary	125,784	126,502
Freight car-miles, loads	2,483,255	2,526,566
Freight car-miles, empties	1,252,864	1,280,083
Revenue per ton	\$ 1.79	\$ 1.86
Revenue per ton-miles, cents	\$ 1.72	\$ 1.77
Revenue per train-mile	\$ 14.14	\$ 14.03
Freight revenue per mile of road operated	\$ 11,987	\$ 11,965
Average haul per revenue ton (miles)	104.08	104.97
Ton-miles (non-revenue included) per train-mile	821	799
Ton-miles (non-revenue included) per loaded car-mile	41.58	40.00
Revenue ton-miles per mile of road operated	695,149	675,894
Loaded car miles per train-mile	19.74	19.97
Empty car-miles per train-mile	9.96	10.12
Total car-miles per train-mile	29.70	30.09
Operating revenues per mile of road operated	\$ 12,478	\$ 12,357
Operating expenses per mile of road operated	10,820	11,046
Net operating revenue per mile of road operated	1,658	1,311

TABLE F
Statement of Classified Tonnage
Year 1964

Description	Tons	Per Cent of Total
Farm products	29,125	2.95
Forest products	703	.07
Fresh fish and other marine products	140	.01
Metallic ores	1,112	.11
Coal	724	.07
Chemical and fertilizer materials	27,807	2.81
Miscellaneous nonmetallic minerals, except fuels	37,301	3.77
Other nonmetallic minerals, except fuels	19,928	2.01
Ordnance and accessories	813	.08
Food and kindred products	37,756	3.82
Tobacco products	579	.06
Basic textiles	748	.08
Pulpwood, piling, posts, logs, bolts, etc.	87,509	8.85
Lumber and dimension stock	67,431	6.82
Other lumber and wood products, except furniture	4,360	.44
Furniture and fixtures	546	.06
Pulp and pulp mill products	43,933	4.95
Paperboard, pulpboard and fiberboard	36,901	3.73
Building paper and building board	62,246	6.29
Other pulp, paper and allied products	13,918	1.91
Printed matter	100	.01
Industrial, inorganic and organic chemicals	197,925	20.01
Gum and wood chemicals	43,477	4.40
Other chemicals and allied products	25,005	2.53
Petroleum and coal products	51,420	5.20
Rubber and miscellaneous plastic products	4,493	.45
Concrete, gypsum and plaster products	27,808	2.81
Abrasives, asbestos and misc. mineral products	49,746	5.03
Other stone, clay and glass products	21,270	2.15
Primary metal products	48,536	4.91
Fabricated metal products	5,712	.58
Machinery, except electrical	777	.08
Electrical machinery	805	.08
Transportation equipment	627	.06
Waste and scrap materials	24,907	2.52
Miscellaneous freight shipments	2,412	.24
Containers, shipping, returned empty	341	.03
Total carload traffic	988,941	99.98
Less than carload traffic	162	.02
Grand Total	989,103	100.00

TABLE G

Inventory of Equipment December 31, 1963 and 1964

	Total Dec. 31, 1963	Added or reclassified	Retired	Total Dec. 31, 1964
Locomotives:				
Freight, diesel-electric	10	1	1	10
Freight Train Cars:				
Box cars	98			98
Tank cars	1	1		2
Chip cars	0		5	5
Rack cars	86		20	66
Caboose cars	8	2	5	5
Totals	193	3	30	176
Company Service Equipment:				
Camp and other work cars	8			8
Steel dump cars	2			2
Tank cars	1		1	0
Steam ditchers	2		2	0
Cranes	1		1	0
Other service equipment	7	1		8
Totals	21	1	4	18

Mileage operated at close of year

Hattiesburg, Miss. to Natchez, Miss., Main track	148.38 miles
Yard tracks and sidings—Owned	29.67 miles
Yard tracks and sidings—Joint	0.89 miles

